10/23/82 U 3730-2(W) A

A FOLLOW-UP STUDY

ON

THE NORTHWESTERN ENDICOTT REPORT 1982

A SURVEY OF BUSINESS AND INDUSTRY ON EMPLOYMENT TRENDS

THE PLACEMENT CENTER
NORTHWESTERN UNIVERSITY
EVANSTON, ILLINOIS 60201

VICTOR R. LINDQUIST
ASSOCIATE DEAN
DIRECTOR OF PLACEMENT

PREFACE

The thirty-sixth Annual Northwestern University Endicott Report was published in December, 1981. The Report provided a summary of the hiring plans for college and university graduates from 242 major corporations. It is a national survey with data accumulated from 27 different states and the District of Columbia, and is representative of every major U.S. industry.

The corporations reported rather optimistically in that survey that they planned to employ from the Class of 1982 a total of 11% more bachelor degree candidates and 12% more master degree graduates than they hired during 1981. At that time it looked very promising for the new graduates.

The purpose of the follow-up study on the original report was to obtain new data on the employment market place for it became evident to every college placement office that the plans made and announced in the fall were not being implemented in the winter and spring by the corporate recruiters. The anticipated economic recovery forecast by the administration was still to be realized and business adjusted its hiring quotas very quickly.

It is self-evident that the hiring of new graduates and the levels of salaried personnel maintained by an organization are determined by present profitability and the company's near term economic outlook. We asked these key personnel executives to share with us some information about their company's status, outlook and what had occurred to their salaried payroll. The responses were interesting.

Inquiry forms were mailed to all of the companies who responded to the original survey. A total of 180 companies supplied information for this follow-up review. We are grateful to those who have participated in this survey for we recognize the investment in time each person makes.

Victor R. Lindquist
September, 1982

ECONOMIC AND EMPLOYMENT OUTLOOK

An examination of what has occurred in business and the outlook which these corporations have for the next six to twelve months is quite important. Responses indicate it is a period of uncertainty and some businesses have taken action that is effecting not only investment and new hires but their salaried personnel.

ECONOMIC TRENDS

.Business in your company since January 1, 1982 has:

Declined....46% Improved....20% The Same....34%

.Business outlook for the balance of 1982:

Improvement expected...32% Further decline...19% The Same...49%

.When does your management expect the economy to start improving?

3rd Qtr '82...9% 4th Qtr '82...37%

1st Qtr '83...25% 2nd Qtr '83...18% Later...11%

.What changes are necessary for the economy to improve?

Lower interest rates.....82%*	Reduced unemployment.....7%
Decrease government spending..14%	Restore consumer confidence...6%
Increase capital investment...12%	Lower taxes.....4%
Reduce inflation..... 4%	*Frequency mentioned.

COMMENTS: DISPARATE VIEWS

"Lower stable interest rates and less government borrowing."

"A more 'credible' administration." "Curb imports."

"Capital investment must become more attractive than bonds, etc."

"Decrease in interest rates will increase consumer confidence and their willingness to spend on durables."

"Lower interest, wage stabilization and price stabilization."

"Eliminate large federal deficits." "Tax reduction."

EMPLOYMENT

.How does your exempt payroll of June '82 compare to June '81?

More...33%(average increase 11%) Less...38%(average decrease 8%) Same...29%

.If you reduced your exempt payroll, how was it accomplished?

Termination/Permanent Layoff...66%	General Hiring Freeze.....70%
Early Retirement Plan.....35%	Indefinite Leave/Temp Layoff....25%

.Estimated number of graduates to be recruited from class of '83.

Same as '82...47% Less than '82...28% More than'82...25%

COLLEGE GRADUATE EMPLOYMENT - CLASS OF 1982

The corporations participating in the original survey were asked to update the estimated hires that they provided for the original report. The data presented would represent actual hires that were or planned to be made from the Class of 1982.

Bachelor's Level	November'81 Estimate	June'82 Quotas	Percentage Change
Engineering-All Fields	6134	4596	-25.1%
Accounting	6794	6488	- 4.5%
Sales/Marketing	2028	1533	-24.4%
Business Administration	1918	1414	-26.3%
Liberal Arts (Trainees)	380	356	- 6.3%
Computer	1627	1353	-16.8%
Chemistry	402	229	-42.9%
Mathematics/Statistics	209	147	-29.7%
Economics/Finance	324	264	-18.5%
Others	1295	944	-27.1%
TOTAL	21086	16624	-17.9%

Master's Level			
Engineering-All Fields	562	394	-29.7%
Other Technical	386	442	+14.5%
MBA w/Technical BS	580	731	+26.0%
MBA w/Non-Technical BA	1163	1051	- 9.6%
Accounting	1242	852	-31.4%
Other Non-Technical	269	186	-33.1%
TOTAL	4202	3656	-13.0%

DOCTORAL DEGREES - STARTING SALARIES

These salaries were accumulated for graduates completing their work in 1982. The data represents actual hires, open offers and anticipated offers.

DISCIPLINE-FIELD	AVERAGE MONTHLY SALARY
BIOLOGY	$2608
CHEMISTRY	$2697
CHEMICAL ENGINEER	$2957
CIVIL ENGINEER	$2625
COMPUTER SCIENCE	$2600
ECONOMICS	$2460
ELECTRICAL/ELECTRONIC ENGINEER	$2901
GEOLOGY	$2433
LAW (JD)	$2339
MATERIALS/METALLURGY	$2983
MATHEMATICS	$2829
MECHANICAL	$3087
MEDICAL (MD)	$5000
NUCLEAR	$3025
PETROLEUM	$3166
PHARMACOLOGY	$2300
PHYSICS	$2954

RECRUITING PRACTICES - OFFERS AND ACCEPTANCES

The economic forecasts of improvement the last quarter of 1981 were changed, bringing about immediate downward adjustment to the hiring goals of many corporations. It also impacted some traditional recruiting practices.

A few companies withdrew offers accepted by the students and the number of students reneging on accepted offers increased. Corporate recruiters and college placement officials were having some difficulty in managing these actions, for if the trend continued, it would be detrimental to all parties.

.Has your company withdrawn offers for second or follow-up interviews at the plant or corporate offices? Yes 35% No 65%

.Has your company withdrawn offers of employment that were extended and pending but not yet accepted? Yes 18% No 82%

.Did your company withdraw offers of employment that were accepted by the students? Yes 2% No 98%

.Have you had graduating students renege on offers of employment that were accepted? Yes 35% No 65%

.How does this failure to honor the accepted job offer compare with last year?

More 21% Less 12% Same 67%

.What do you believe causes this problem of students reneging on acceptances?

Students accept first offer and continue interviewing.....30%
Companies offering acceptances through early decision dates.....17%
No problem.....17%
Poor counseling.....15%
Lack of personal ethics.....10%
Economic conditions..... 5%
Company competition for top students..... 5%
Poor interviewing and hiring procedures..... 3%

COMMENTS ON CAUSES:

"Pressure on students for early decision before campus interviewing is over."

"Making job offers on a 'First accepted basis' without regard to actual opening."

"Companies pursuing students who have accepted an offer. Poor recruiting ethics including making counter offers at ridiculous levels."

"Students accepting offers early to protect themselves. 'A bird in the hand...' and continue to look. Should suggest this is unethical. Realize this is difficult, especially when companies sometimes renege as well."

SUMMARY

The results of the update survey bring to light some major issues of interest: uncertainty about when economic recovery will occur, the absence of an explanation of how economic recovery will occur, significant declines in the number of graduates being hired, and panic-stricken graduates and aggressive recruiters engaging in counter-productive employment strategies.

General uncertainty about when economic recovery will occur was reflected by the disparate responses of employers when questioned. Although most businesses agreed that economic recovery was not likely to occur during the current quarter, or later than the second quarter of 1983, no consensus existed regarding when it might take place during the interim period. While the plurality of the respondents (37%) expressed the belief that economic improvement would take place during the fourth quarter of 1982, 25% predicted it would occur during the first quarter of 1983, followed by 18% who predicted it would occur during the second quarter of 1983.

Whatever the anticipated date of recovery, no specific conclusions can be drawn from the survey results regarding how the recovery process will occur. While an impressive 82% of the respondents agreed that a drop in interest rates would be a necessary indicator of a turn-around, few explicit examples were given of how that would cause the recovery. Some suggested it would have the tangible effect of allowing more investment in capital, while others suggested it would have the more important effect of restoring psychological confidence in the economy.

The expectation of delayed economic improvement, combined with uncertainty about the improvement process, is reflected by the hiring cutbacks during 1982. The survey results revealed hiring beneath the November, 1981 forecast in every academic area surveyed at the bachelor's level, including engineering. Declines ranged from 42.9% in chemistry, to 4.5% in accounting, contributing to the average reduction in hiring of 17.9%.

While actual 1982 hiring undercut recruiting projections at the master's level as well, the drop of 13.0% was less severable. Worth special note is the fact that the hiring of "technical graduates," both with and without the MBA, exceeded the November forecast. This could be construed as an indication that although production oriented engineers are being cut back, research oriented technical grads are still being hired for research and development.

Finally, fears being instilled by shrinking hiring quotas have created apprehension in college recruiting. Some employers have begun placing greater pressure on students, especially top achievers, to respond to offers by early acceptance dates. Students, afraid of not receiving later offers due to reduced recruiting, have tended to accept first offers even though they were only moderately interested in the position. This has resulted in an increase in the frequency of students reneging at later dates. It would appear a "business-as-usual" recruiting policy would be more beneficial for all parties concerned. Students would be able to pursue more appropriate career plans, employers would not be forced to do fill-in recruiting late in the season, and placement offices could better control and coordinate recruiting programs in the best interest of all. Most of this activity would correct itself if the communications between employer, placement office and student were even minimally adequate.

Victor R. Lindquist